

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-134-C - ORDER NO. 2000-617
AUGUST 3, 2000

IN RE: Application for Approval of Agreement and) ORDER GRANTING
Plan of Merger By and Among World Access,) MOTION FOR
Inc., WORLDxCHANGE Communications,) EXPEDITED REVIEW
Inc. and Communication Telesystems) AND APPROVING
International d/b/a World x Change.) APPLICATION

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the joint Application of World Access, Incorporated ("WAXS") and Communication TeleSystems International d/b/a WORLDxCHANGE Communications ("CTI") for approval of agreement and plan of merger whereby CTI will merge with and into WORLDxCHANGE Communications, Incorporated ("Merger Sub" or the "Surviving Corporation"), a wholly-owned subsidiary of WAXS. Under the plan, WAXS will acquire all of the issued and outstanding shares of CTI common stock for equitable consideration. After the transaction, Merger Sub will continue to operate, in all material respects, as CTI currently operates.

Pursuant to the Commission's Executive Director's instructions, the two Applicants published a Notice of Filing in newspapers of general circulation one time. The Notice of Filing informed the public of a method of participation in the proceedings herein. No Protests or Petitions To Intervene were received. Accordingly, the two Applicants have moved for

expedited review of this matter, and have furnished the verified testimony of W. Tod Chmar, Executive Vice President, in support of the joint Application.

S.C. Code Ann. Section 58-9-310 (Supp. 1999) requires notice and “due hearing” before the Commission may approve the transfer of the assets of telephone companies from one carrier to another. When there have been no Protests or Petitions to Intervene, we have often granted Motions For Expedited Review, when they are accompanied by verified testimony. We then declare the Commission meeting where the matter was considered to be “due hearing” required by the statute.

We elect to follow this procedure in the present case, and grant the Motion for Expedited Review. We also hold that the Commission meeting of July 5, 2000, wherein the matter was considered by the Commission to be the “due hearing” required by the statute. We have examined the verified written testimony of W. Tod Chmar, Executive Vice President, and find that it supports the reasoning and ultimate request found in the original joint Application.

Mr. Chmar testified that Merger Sub is experienced and financially qualified to consummate this transaction. His testimony states Merger Sub is a wholly-owned subsidiary of WAXS, a public company, whose common stock is publicly traded on the NASDAQ National Market. The testimony reveals further that WAXS is a holding company which does not directly offer telecommunications services; however, WAXS owns and operates subsidiaries which offer telecommunications services.

According to Chmar, the joint applicants request the Commission’s approval of an Agreement and Plan of Merger of CTI into Merger Sub. Furthermore, according to Chmar, the practical effect of the Acquisition will be that WAXS will acquire all of the issued and

outstanding shares of CTI common stock for equitable consideration. In addition, after the transaction, the Merger Sub will continue to operate, in all material respects, as CTI operates.

Mr. Chmar's testimony provides that Merger Sub has been formed strictly for the purposes of effectuating the Acquisition. Even after CTI merges into Merger Sub, the Surviving Corporation will continue to provide service under CTI's present operating authorities, certifications and tariffs, to the extent permitted by the Commission. CTI is currently certified as a telecommunications carrier in the State of South Carolina, pursuant to Order No. 95-153 in Docket No. 94-599-C (January 27, 1995).

It appears from Chmar's testimony that no customers will be adversely affected by the merger of CTI into the Surviving Corporation. The testimony reveals Merger Sub will continue to operate as a regulated entity pursuant to CTI's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law. Mr. Chmar's testimony also revealed Merger Sub will continue to service CTI's current customers pursuant to CTI's certificate in South Carolina. In addition, according to the testimony, the actual merger will be transparent to the customers of CTI. Merger Sub will continue to provide high quality service to CTI's customers after the Acquisition. Finally, Merger Sub will notify all of CTI's current end-users of the event, and also of the name change.

We have examined the record in this case and find that the proposed Acquisition is in the public interest, and should be approved. The Acquisition will be transparent to the customers of CTI, as the Merger Sub will continue to provide high quality service and Merger Sub will do business under the name WORLDxCHANGE Communications. Furthermore, Merger Sub will continue to operate as a regulated entity pursuant to CTI's present certifications, registrations, tariff requirements and rate structures.

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This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)